

U.S. International Transactions

First Quarter of 2013

THE U.S. CURRENT-ACCOUNT deficit—a net measure of transactions between the United States and the rest of the world in goods, services, income, and unilateral current transfers—increased to \$106.1 billion (preliminary) in the first quarter of 2013 from \$102.3 billion (revised) in the fourth quarter of 2012 (see pages 66–67).¹ The deficit increased to 2.7 percent of current-dollar gross domestic product (GDP) from 2.6 percent in the fourth quarter.² The increase in the current-account deficit reflected a decrease in the surplus on income and an increase in outflows of net unilateral current transfers to foreign residents. These changes were partly offset by a decrease in the deficit on goods and an increase in the surplus on services.

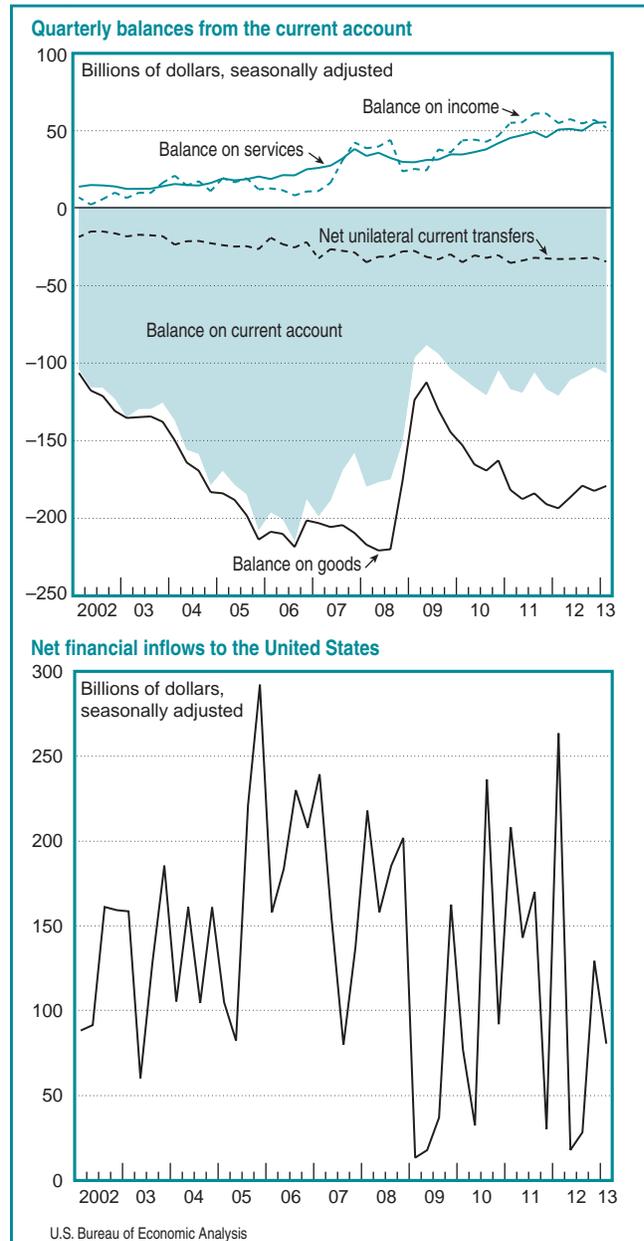
In the financial account, net financial inflows to the United States decreased to \$80.7 billion in the first quarter from \$129.4 billion in the fourth quarter (see pages 70–71). Net financial flows reflect combined transactions in U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives. The first-quarter decrease reflected a larger increase in net U.S. acquisitions of assets abroad than in net foreign acquisitions of assets in the United States. Net inflows of financial derivatives increased a relatively small amount in the first quarter.

The statistical discrepancy—the amount that balances the sum of the recorded credits and debits across all the accounts in the international transactions accounts—was \$25.5 billion in the first quarter, compared with $-\$34.7$ billion in the fourth quarter.

1. Quarterly statistics are seasonally adjusted when series demonstrate statistically significant seasonal patterns; seasonally adjusted statistics are cited in this article when available.

2. Current-dollar GDP is used to provide a consistently scaled comparison across time. In this context, its use does not imply that these international transactions accounts statistics are components of GDP.

Chart 1. U.S. Current-Account Balance and Its Components and Net Financial Flows



Sarah P. Scott prepared this article.

Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

| (Credits +; debits -) | 2012 | | | 2013 | Change 2012:IV to 2013:1 |
|--|-----------------|------------------|-----------------|-----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| Current account | | | | | |
| Exports of goods and services and income receipts | 746,799 | 744,602 | 753,430 | 751,962 | -1,468 |
| Goods, balance of payments basis | 391,867 | 391,474 | 390,339 | 390,974 | 635 |
| Services | 161,835 | 160,802 | 166,222 | 168,044 | 1,822 |
| Income receipts | 193,097 | 192,327 | 196,869 | 192,943 | -3,926 |
| Imports of goods and services and income payments | -824,644 | -819,001 | -823,844 | -823,644 | 200 |
| Goods, balance of payments basis | -578,355 | -570,454 | -572,742 | -570,112 | 2,630 |
| Services | -110,649 | -110,850 | -111,197 | -112,564 | -1,367 |
| Income payments | -135,639 | -137,697 | -139,905 | -140,968 | -1,063 |
| Unilateral current transfers, net | -32,668 | -32,343 | -31,906 | -34,463 | -2,557 |
| U.S. government grants | -11,473 | -11,823 | -10,882 | -11,120 | -238 |
| U.S. government pensions and other transfers | -1,435 | -1,270 | 668 | -800 | -1,468 |
| Private remittances and other transfers | -19,761 | -19,250 | -21,692 | -22,543 | -851 |
| Capital account | | | | | |
| Capital account transactions, net | -241 | -470 | 7,668 | (*) | 7,668 |
| Financial account | | | | | |
| U.S.-owned assets abroad (increase/financial outflow (-))¹ | 192,062 | -267,054 | -115,996 | -218,757 | -102,761 |
| U.S. official reserve assets | -3,289 | -833 | 895 | -876 | -1,771 |
| U.S. government assets, other than official reserve assets | 16,650 | 15,206 | 2,388 | 826 | -1,562 |
| U.S. private assets | 178,701 | -281,428 | -119,279 | -218,707 | -99,428 |
| Direct investment | -86,202 | -93,635 | -95,418 | -88,497 | 6,921 |
| Foreign securities | -22,920 | -51,183 | -72,996 | -130,556 | -57,560 |
| U.S. claims on unaffiliated foreigners reported by nonbanking concerns | 16,793 | 6,325 | 18,334 | -16,283 | -34,617 |
| U.S. claims reported by banks and brokers | 271,030 | -142,935 | 30,801 | 16,629 | -14,172 |
| Foreign-owned assets in the United States (increase/financial inflow (+))¹ | -176,468 | 300,570 | 242,401 | 295,540 | 53,139 |
| Foreign official assets in the United States | 57,374 | 107,684 | 84,396 | 84,768 | 372 |
| Other foreign assets in the United States | -233,842 | 192,886 | 158,005 | 210,772 | 52,767 |
| Direct investment | 49,524 | 38,839 | 42,292 | 22,834 | -19,458 |
| U.S. Treasury securities | -4,652 | 62,548 | 33,515 | 109,378 | 75,863 |
| U.S. securities other than U.S. Treasury securities | -39,577 | 64,694 | 143,494 | -10,880 | -154,374 |
| U.S. currency | 7,116 | 16,156 | 15,812 | 4,957 | -10,855 |
| U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns | -25,581 | -4,763 | -22,440 | -20,467 | 1,973 |
| U.S. liabilities reported by banks and brokers | -220,672 | 15,412 | -54,668 | 104,950 | 159,618 |
| Financial derivatives, net | 2,419 | -5,129 | 2,985 | 3,888 | 903 |
| Statistical discrepancy (sum of the bold lines above with sign reversed) | 92,741 | 78,825 | -34,738 | 25,475 | 60,213 |
| Memoranda: | | | | | |
| Balance on goods | -186,487 | -178,980 | -182,403 | -179,137 | 3,266 |
| Balance on services | 51,186 | 49,952 | 55,025 | 55,479 | 454 |
| Balance on goods and services | -135,302 | -129,029 | -127,378 | -123,658 | 3,720 |
| Balance on income | 57,457 | 54,630 | 56,965 | 51,976 | -4,989 |
| Unilateral current transfers, net | -32,668 | -32,343 | -31,906 | -34,463 | -2,557 |
| Balance on current account | -110,513 | -106,742 | -102,320 | -106,145 | -3,825 |
| Net financial flows ² | 18,013 | 28,387 | 129,390 | 80,671 | -48,719 |

p Preliminary r Revised

1. Excludes transactions in financial derivatives.

2. Sum of U.S.-owned assets abroad, foreign-owned assets in the United States, and net financial derivatives.

NOTE: The statistics, except for net financial flows, are presented in table 1 in this article and on BEA's Web site.

Current-account highlights

- The deficit on goods decreased after increasing nearly the same amount in the fourth quarter. Imports decreased and exports increased.
- The surplus on services rose for the second straight quarter as exports increased more than imports.
- The surplus on income decreased after increasing in the fourth quarter. Receipts decreased and payments increased.

Financial-account highlights

- Growth in both U.S.-owned assets abroad and foreign-owned assets in the United States in the first quarter exceeded the growth in the fourth quarter.
- The increase in U.S.-owned assets abroad reflected net purchases of foreign securities and direct investment outflows.
- The increase in foreign-owned assets in the United States reflected foreign official and private net purchases of U.S. Treasury securities and increased U.S. liabilities to foreigners reported by U.S. banks and securities brokers. These increases were partly offset by foreign official and private net sales of U.S. securities other than U.S. Treasury securities.
- Net inflows of financial derivatives were larger than in the fourth quarter.

Revisions

The U.S. international transactions statistics for the first quarter of 1999 to the fourth quarter of 2012 were revised to incorporate newly available and revised source data, updated seasonal adjustments, changes in classifications, and improved estimation methodologies. For more information, see "Annual Revision of the U.S. International Transactions Accounts" in this issue.

Preliminary and Revised Fourth-Quarter 2012 Statistics

[Millions of dollars, seasonally adjusted]

| | Preliminary | Revised |
|---|-------------|----------|
| Balance on goods | -180,593 | -182,403 |
| Balance on services | 52,176 | 55,025 |
| Balance on income | 52,399 | 56,965 |
| Unilateral current transfers, net | -34,398 | -31,906 |
| Current-account balance | -110,416 | -102,320 |
| Net financial flows | 58,443 | 129,390 |

Data Availability and Methodology

Detailed statistics for U.S. international transactions are presented in tables 1–12 in this article. The statistics and a description of the estimation methods used to compile them are available at www.bea.gov under "International." For the statistics, click on "Detailed estimates." For the methods, see "U.S. International Transactions Accounts: Concepts and Estimation Methods" under "Methodologies."

Current Account—Goods Exports

Table B. Goods Exports
[Millions of dollars, seasonally adjusted]

| | 2012 | | | | 2013 | Change 2012:IV to 2013:I |
|---|-----------------|------------------|-----------------|----------------|---------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | | |
| Exports, balance of payments basis | 391,867 | 391,474 | 390,339 | 390,974 | 635 | |
| Agricultural products | 35,841 | 39,701 | 36,122 | 36,188 | 66 | |
| Nonagricultural products | 356,026 | 351,772 | 354,216 | 354,786 | 570 | |
| Foods, feeds, and beverages | 32,782 | 36,674 | 33,264 | 33,108 | -156 | |
| Grains and preparations | 7,645 | 7,688 | 7,096 | 7,667 | 571 | |
| Soybeans | 6,005 | 9,563 | 6,379 | 5,163 | -1,216 | |
| Other | 19,132 | 19,423 | 19,789 | 20,278 | 489 | |
| Industrial supplies and materials | 131,593 | 126,530 | 128,564 | 130,981 | 2,417 | |
| Petroleum and products | 35,380 | 34,664 | 37,011 | 34,045 | -2,966 | |
| Nonpetroleum products | 96,213 | 91,866 | 91,553 | 96,936 | 5,383 | |
| Chemicals, excluding medicinals | 30,060 | 29,142 | 29,085 | 30,685 | 1,600 | |
| Metals and nonmetallic products | 33,194 | 30,388 | 31,318 | 33,810 | 2,492 | |
| Nonferrous metals | 18,478 | 16,084 | 17,453 | 19,261 | 1,808 | |
| Other | 14,716 | 14,304 | 13,865 | 14,549 | 684 | |
| Other | 32,959 | 32,336 | 31,150 | 32,441 | 1,291 | |
| Capital goods, except automotive | 131,651 | 132,997 | 131,599 | 130,935 | -664 | |
| Electric generating machinery, apparatus, and parts | 13,446 | 13,317 | 13,443 | 13,688 | 245 | |
| Oil drilling, mining, and construction machinery | 9,444 | 9,103 | 8,619 | 8,686 | 67 | |
| Industrial engines, pumps, and compressors | 7,331 | 7,658 | 7,423 | 7,014 | -409 | |
| Industrial, agricultural, and service machinery, n.e.c. | 32,861 | 32,925 | 31,711 | 31,847 | 136 | |
| Computers, peripherals, and parts | 12,337 | 12,006 | 11,813 | 12,108 | 295 | |
| Semiconductors | 10,661 | 10,523 | 10,492 | 10,422 | -70 | |
| Telecommunications equipment | 9,939 | 9,499 | 9,896 | 9,801 | -95 | |
| Civilian aircraft, engines, and parts | 22,125 | 24,416 | 24,507 | 23,925 | -582 | |
| Other | 13,507 | 13,550 | 13,695 | 13,444 | -251 | |
| Automotive vehicles, parts, and engines | 37,077 | 36,467 | 36,189 | 36,645 | 456 | |
| Passenger cars | 13,462 | 13,183 | 13,620 | 13,703 | 83 | |
| Trucks, buses, and special purpose vehicles | 5,195 | 4,944 | 4,762 | 5,196 | 434 | |
| Engines, parts, and accessories | 18,420 | 18,340 | 17,808 | 17,746 | -62 | |
| Consumer goods, except automotive | 45,738 | 45,560 | 46,024 | 45,674 | -350 | |
| Nondurable goods | 20,670 | 20,976 | 21,194 | 20,720 | -474 | |
| Medicinal, dental, and pharmaceutical products | 12,037 | 12,343 | 12,480 | 11,909 | -571 | |
| Other | 8,633 | 8,633 | 8,714 | 8,811 | 97 | |
| Durable goods | 25,068 | 24,585 | 24,830 | 24,954 | 124 | |
| Household appliances and other household goods | 9,049 | 9,072 | 9,121 | 9,322 | 201 | |
| Other | 16,019 | 15,513 | 15,709 | 15,632 | -77 | |
| Other exports | 13,025 | 13,246 | 14,699 | 13,632 | -1,067 | |

p Preliminary r Revised n.e.c. Not elsewhere classified
NOTE: The statistics are presented in table 2 in this article and on BEA's Web site.

Table C. Growth in Real Goods Exports and Imports

[Percent change from preceding period in chained-dollar exports and imports, seasonally adjusted]

| | 2011 | | 2012 | | | | 2013 |
|--|------|----------------|-----------------|------------------|-----------------|----------------|------|
| | IV | I ^r | II ^r | III ^r | IV ^r | I ^p | |
| Exports, balance of payments basis | 1.6 | 0.6 | 1.2 | -0.1 | -0.6 | -0.1 | |
| Imports, balance of payments basis | 1.3 | -0.3 | 0.7 | 0.6 | -1.0 | -0.9 | |

p Preliminary r Revised
NOTE: Real goods exports and imports are calculated using price indexes from "Table 4.2.4. Indexes for Exports and Imports of Goods and Services by Type of Product" of the National Income and Product Accounts.

Trends in the Trade in Goods

The deficit on goods decreased in the first quarter after increasing in the fourth quarter. In the first quarter, current-dollar goods exports increased 0.2 percent and imports decreased 0.5 percent (chart 2). As a percentage of current-dollar GDP, the goods deficit decreased to 4.5 percent in the first quarter from 4.6 percent in the fourth quarter.

Real imports decreased more than real exports in the first quarter (table C). Real imports decreased in 2 of the last 4 quarters, declining 0.6 percent overall during this time period. Real exports decreased in 3 of the last 4 quarters, but rose 0.4 percent overall.

Exports of goods increased after decreasing for two consecutive quarters. In the major commodity categories, the largest increase was in industrial supplies and materials and the largest decrease was in "other" exports.

Foods, feeds, and beverages decreased for the second straight quarter. The decreases in both quarters were mostly due to decreases in soybean exports. The first-quarter decrease in soybeans was partly offset by an increase in exports of wheat, a component of grains and preparations.

Industrial supplies and materials exports increased for the second straight quarter. The largest first-quarter increases were in nonmonetary gold, a component of nonferrous metals, and in chemicals. Petroleum and products decreased after increasing.

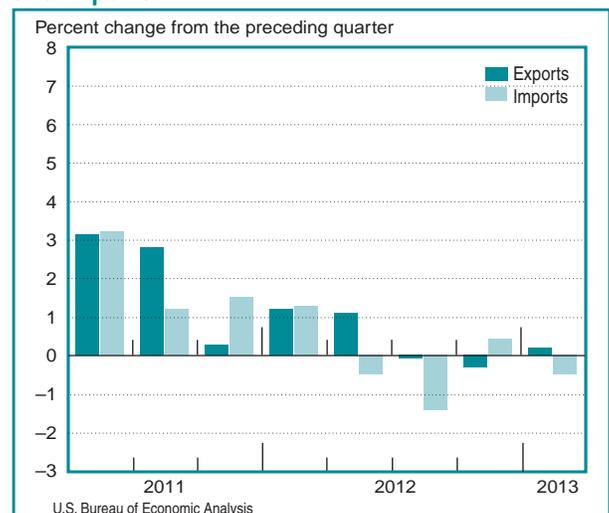
Capital goods exports decreased for the second straight quarter. The first-quarter decrease was more than accounted for by the combined decreases in civilian aircraft, engines, and parts and in industrial engines, pumps, and compressors.

Automotive vehicles, parts, and engines exports increased after decreasing for two straight quarters. The first-quarter increase was mostly in trucks, buses, and special purpose vehicles.

Consumer goods exports decreased after increasing in the fourth quarter. The decrease was more than accounted for by a decrease in medicinal, dental, and pharmaceutical products.

"Other" exports decreased in the first quarter, mostly reflecting a decrease in exports of military equipment.

Chart 2. Growth in Current-Dollar Goods Exports and Imports



Current Account—Goods Imports

Table D. Goods Imports
[Millions of dollars, seasonally adjusted]

| | 2012 | | | 2013 | Change 2012:IV to 2013:I |
|---|-----------------|------------------|-----------------|----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| Imports, balance of payments basis | 578,355 | 570,454 | 572,742 | 570,112 | -2,630 |
| Petroleum and products | 110,083 | 102,020 | 103,536 | 100,930 | -2,606 |
| Nonpetroleum products..... | 468,272 | 468,435 | 469,206 | 469,181 | -25 |
| Foods, feeds, and beverages | 27,586 | 27,744 | 27,863 | 28,698 | 835 |
| Industrial supplies and materials | 189,601 | 182,130 | 183,226 | 181,701 | -1,525 |
| Petroleum and products | 110,083 | 102,020 | 103,536 | 100,930 | -2,606 |
| Nonpetroleum products..... | 79,518 | 80,110 | 79,690 | 80,771 | 1,081 |
| Natural gas | 2,165 | 2,504 | 2,830 | 3,189 | 359 |
| Chemicals, excluding medicinals..... | 18,887 | 19,554 | 18,871 | 19,907 | 1,036 |
| Building materials, except metals..... | 5,489 | 5,663 | 5,867 | 6,387 | 520 |
| Metals and nonmetallic products..... | 32,353 | 30,955 | 31,699 | 31,523 | -176 |
| Iron and steel products..... | 10,407 | 9,785 | 9,705 | 9,277 | -428 |
| Nonferrous metals | 14,139 | 13,799 | 14,670 | 15,026 | 356 |
| Other..... | 7,807 | 7,371 | 7,324 | 7,220 | -104 |
| Other | 20,624 | 21,434 | 20,423 | 19,765 | -658 |
| Capital goods, except automotive | 139,274 | 137,130 | 137,683 | 137,164 | -519 |
| Electric generating machinery, apparatus, and parts..... | 16,498 | 16,450 | 16,067 | 16,562 | 495 |
| Oil drilling, mining, and construction machinery..... | 7,263 | 7,099 | 6,556 | 5,888 | -668 |
| Industrial engines, pumps, and compressors..... | 6,260 | 6,042 | 5,740 | 5,310 | -430 |
| Industrial, agricultural, and service machinery, n.e.c..... | 33,478 | 33,271 | 32,237 | 33,047 | 810 |
| Computers, peripherals, and parts..... | 30,830 | 29,157 | 30,966 | 30,096 | -870 |
| Semiconductors | 9,953 | 9,945 | 9,677 | 9,759 | 82 |
| Telecommunications equipment..... | 13,245 | 13,455 | 13,307 | 13,714 | 407 |
| Scientific, hospital, and medical equipment | 9,267 | 9,259 | 9,357 | 9,449 | 92 |
| Civilian aircraft, engines, and parts..... | 9,803 | 9,906 | 11,296 | 11,022 | -274 |
| Other | 2,677 | 2,546 | 2,480 | 2,317 | -163 |
| Automotive vehicles, parts, and engines | 74,323 | 75,748 | 75,297 | 73,003 | -2,294 |
| Passenger cars | 36,347 | 36,998 | 37,551 | 36,013 | -1,538 |
| Trucks, buses, and special purpose vehicles | 5,513 | 6,376 | 5,829 | 5,547 | -282 |
| Engines, parts, and accessories | 32,463 | 32,373 | 31,918 | 31,443 | -475 |
| Consumer goods, except automotive | 129,922 | 130,248 | 131,693 | 131,764 | 71 |
| Nondurable goods..... | 60,984 | 60,620 | 59,739 | 61,430 | 1,691 |
| Apparel, footwear, and household goods | 31,771 | 31,689 | 32,056 | 33,351 | 1,295 |
| Medicinal, dental, and pharmaceutical products..... | 22,290 | 22,066 | 20,668 | 20,977 | 309 |
| Other | 6,923 | 6,865 | 7,015 | 7,102 | 87 |
| Durable goods..... | 68,938 | 69,628 | 71,954 | 70,334 | -1,620 |
| Televisions and other video equipment..... | 8,347 | 8,073 | 8,181 | 8,065 | -116 |
| Toys and sporting goods, including bicycles..... | 9,102 | 8,893 | 9,200 | 9,524 | 324 |
| Household appliances and other household goods..... | 34,405 | 36,318 | 37,567 | 35,533 | -2,034 |
| Other | 17,084 | 16,344 | 17,006 | 17,212 | 206 |
| Other imports and U.S. goods returned | 17,648 | 17,455 | 16,980 | 17,782 | 802 |

p Preliminary r Revised n.e.c. Not elsewhere classified
NOTE: The statistics are presented in table 2 in this article and on BEA's Web site.

Imports of goods decreased after increasing a similar amount in the fourth quarter. In the major commodity categories, the largest decreases were in automotive vehicles, parts, and engines and in industrial supplies and materials.

Imports of foods, feeds, and beverages increased for the third straight quarter. The largest first-quarter increases were in fish and shellfish and in wine, beer, and related products.

Industrial supplies and materials imports decreased after increasing in the fourth quarter. The decrease was more than accounted for by a decrease in petroleum and products that was partly offset by an increase in chemicals.

Capital goods imports were down slightly from the fourth quarter, reflecting mostly offsetting changes across subcategories. The largest decreases were in computers, peripherals, and parts and in oil drilling, mining, and construction machinery. The largest increases were in industrial, agricultural, and service machinery, n.e.c., and in electric generating machinery, apparatus, and parts.

Automotive vehicles, parts, and engines decreased for the second straight quarter. The largest decrease was in passenger cars.

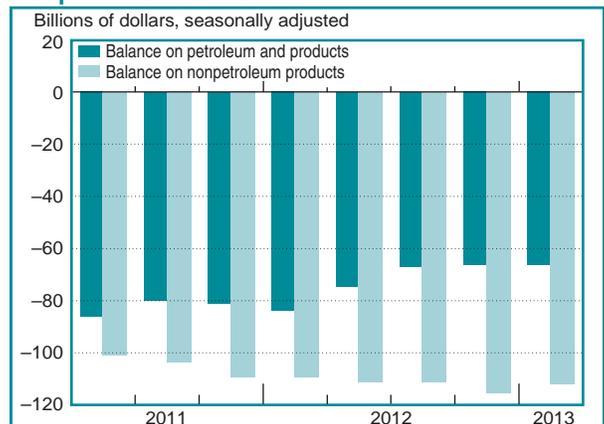
Imports of consumer goods increased less than in any of the three preceding quarters. In the first quarter, nondurable goods increased, reflecting an increase in apparel, footwear, and household goods. The increase in nondurable goods was mostly offset by a decrease in durable goods, which was more than accounted for by a decrease in household appliances and other household goods.

Goods Deficit by Area and Type of Product

The goods deficit decreased \$3.3 billion in the first quarter after increasing \$3.4 billion in the fourth quarter. The decrease was more than accounted for by decreases in deficits with Asia and Pacific—reflecting a substantial decrease in the deficit with China—and with Africa. Deficits with the Middle East and Europe also decreased. In contrast, deficits with Latin America and Other Western Hemisphere and with Canada increased.

Petroleum products. The deficit on petroleum products increased slightly after decreasing for three straight quarters (chart 3). In the first quarter, imports decreased slightly less than exports. The first-quarter deficit was \$19.7 billion—or 23 percent—lower than the recent high in the second quarter of 2011.

Chart 3. Balance on Total Petroleum and Nonpetroleum Products



NOTE: The balance on petroleum and products equals exports of petroleum and products less imports of petroleum and products, which are components of the major end-use category of industrial supplies and materials. The balance on nonpetroleum products equals the balance on goods less the balance on petroleum and products.
U.S. Bureau of Economic Analysis

Current Account—Services

Table E. Services Exports and Imports

[Millions of dollars, seasonally adjusted]

| | 2012 | | | 2013 | Change 2012:IV to 2013:I |
|--|-----------------|------------------|-----------------|----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| Services exports | 161,835 | 160,802 | 166,222 | 168,044 | 1,822 |
| Travel..... | 31,369 | 32,079 | 32,523 | 33,363 | 840 |
| Passenger fares | 10,069 | 9,846 | 9,796 | 10,049 | 253 |
| Other transportation..... | 11,108 | 10,856 | 10,860 | 11,369 | 509 |
| Freight..... | 5,722 | 5,581 | 5,412 | 5,794 | 382 |
| Port services | 5,386 | 5,275 | 5,448 | 5,575 | 127 |
| Royalties and license fees | 30,726 | 30,827 | 31,336 | 31,600 | 264 |
| Other private services..... | 73,459 | 71,969 | 76,041 | 76,129 | 88 |
| Education..... | 6,119 | 6,264 | 6,321 | 6,425 | 104 |
| Financial services | 18,506 | 18,720 | 19,972 | 19,578 | -394 |
| Insurance services..... | 4,034 | 4,115 | 4,080 | 4,076 | -4 |
| Telecommunications..... | 3,526 | 3,521 | 3,572 | 3,612 | 40 |
| Business, professional, and technical services..... | 38,683 | 36,773 | 39,540 | 39,875 | 335 |
| Other services..... | 2,592 | 2,576 | 2,556 | 2,564 | 8 |
| Transfers under U.S. military agency sales contracts | 4,429 | 4,529 | 4,984 | 4,871 | -113 |
| U.S. government miscellaneous services..... | 676 | 695 | 683 | 663 | -20 |
| Services imports | 110,649 | 110,850 | 111,197 | 112,564 | 1,367 |
| Travel..... | 21,139 | 20,709 | 20,643 | 20,992 | 349 |
| Passenger fares | 8,784 | 8,735 | 8,669 | 9,083 | 414 |
| Other transportation..... | 13,864 | 13,978 | 13,989 | 14,487 | 498 |
| Freight..... | 10,471 | 10,609 | 10,551 | 10,987 | 436 |
| Port services | 3,393 | 3,369 | 3,438 | 3,500 | 62 |
| Royalties and license fees | 9,978 | 10,314 | 9,854 | 10,177 | 323 |
| Other private services..... | 49,832 | 50,249 | 51,378 | 51,446 | 68 |
| Education..... | 1,504 | 1,520 | 1,536 | 1,566 | 30 |
| Financial services | 4,121 | 4,028 | 4,653 | 4,628 | -25 |
| Insurance services..... | 12,925 | 13,212 | 13,625 | 13,520 | -105 |
| Telecommunications..... | 1,938 | 2,075 | 2,035 | 2,004 | -31 |
| Business, professional, and technical services..... | 28,981 | 29,048 | 29,166 | 29,358 | 192 |
| Other services..... | 362 | 365 | 362 | 370 | 8 |
| Direct government expenditures | 6,253 | 6,120 | 5,882 | 5,665 | -217 |
| U.S. government miscellaneous services..... | 799 | 745 | 782 | 714 | -68 |

p Preliminary r Revised

Note: The statistics are presented in tables 1 and 3 in this article and on BEA's Web site. For additional information on services, including definitions, see Marilyn Ibarra-Caton and Charu Sharma, "U.S. International Services: Cross-Border Trade in 2011 and Services Supplied Through Affiliates in 2010," SURVEY OF CURRENT BUSINESS 92 (OCTOBER 2012): 15-58.

Exports of services increased for the second straight quarter. The largest increases were in travel and in other transportation.

Travel exports—purchases of goods and services by foreign travelers in the United States—increased for the fifth straight quarter.

Passenger fares increased after decreasing for two straight quarters. The increase reflected an increase in foreign travelers using U.S. air carriers.

“Other” transportation exports increased more than in the fourth quarter. The first-quarter increase mostly resulted from an increase in freight services.

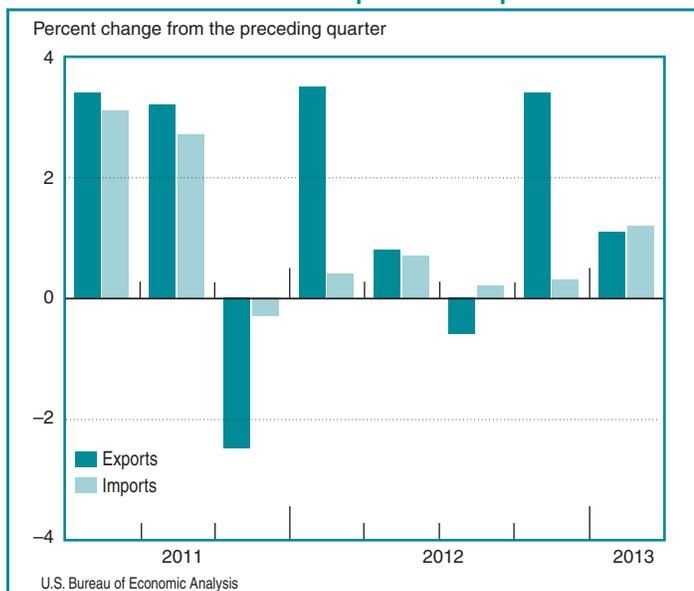
Imports of services increased more than in the fourth quarter. The largest increases were in other transportation and in passenger fares.

Travel imports—purchases of goods and services by U.S. travelers abroad—increased after decreasing in the previous two quarters.

Passenger fares increased after decreasing for two straight quarters. The increase reflected an increase in U.S. travelers using foreign air carriers.

“Other” transportation imports increased for the fifth straight quarter. The first-quarter increase mostly resulted from an increase in freight services.

Chart 4. Growth in Services Exports and Imports



Trends in the Trade in Services

The surplus on services increased to \$55.5 billion in the first quarter from \$55.0 billion in the fourth quarter.

Services exports have increased for two straight quarters and services imports have increased for five straight quarters. Although the first-quarter dollar increase in services exports was larger than that of services imports, the growth rate for imports was higher than for exports. Services exports increased 1.1 percent and imports increased 1.2 percent (chart 4).

As a percentage of current-dollar GDP, the services surplus was 1.4 percent for the second straight quarter after three straight quarters at 1.3 percent.

Current Account—Income

Table F. Income Receipts and Payments
[Millions of dollars, seasonally adjusted]

| | 2012 | | | 2013 | Change 2012:IV to 2013:I |
|---|-----------------|------------------|-----------------|----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| Income receipts | 193,097 | 192,327 | 196,869 | 192,943 | -3,926 |
| Income on U.S.-owned assets abroad | 191,551 | 190,748 | 195,230 | 191,302 | -3,928 |
| Direct investment receipts | 115,731 | 115,735 | 119,649 | 115,200 | -4,449 |
| Earnings | 113,798 | 113,768 | 117,669 | 113,268 | -4,401 |
| Interest | 1,933 | 1,967 | 1,980 | 1,933 | -47 |
| Other private receipts | 75,384 | 74,554 | 75,201 | 75,686 | 485 |
| Income on foreign securities | 66,802 | 66,188 | 67,390 | 68,033 | 643 |
| Dividends | 43,121 | 42,652 | 42,747 | 42,175 | -572 |
| Interest | 23,681 | 23,536 | 24,643 | 25,858 | 1,215 |
| Interest on claims reported by banks and brokers | 5,217 | 5,139 | 4,646 | 4,457 | -189 |
| For own claims | 4,675 | 4,595 | 4,127 | 4,010 | -117 |
| For customers' claims | 541 | 544 | 519 | 447 | -72 |
| Interest on claims reported by nonbanking concerns | 3,366 | 3,226 | 3,165 | 3,197 | 32 |
| U.S. government receipts | 436 | 459 | 380 | 416 | 36 |
| Compensation of employees | 1,546 | 1,579 | 1,639 | 1,641 | 2 |
| Income payments | 135,639 | 137,697 | 139,905 | 140,968 | 1,063 |
| Income on foreign-owned assets in the United States | 131,898 | 133,996 | 136,256 | 137,372 | 1,116 |
| Direct investment payments | 41,436 | 44,874 | 43,961 | 44,727 | 766 |
| Earnings | 34,529 | 38,343 | 37,589 | 37,621 | 32 |
| Interest | 6,906 | 6,530 | 6,372 | 7,106 | 734 |
| Other private payments | 58,311 | 57,394 | 60,993 | 61,566 | 573 |
| Income on U.S. corporate securities | 52,894 | 52,198 | 56,347 | 57,185 | 838 |
| Dividends | 23,858 | 23,777 | 27,147 | 27,089 | -58 |
| Interest | 29,036 | 28,422 | 29,200 | 30,097 | 897 |
| Interest on liabilities reported by banks and brokers | 3,470 | 3,351 | 3,056 | 2,874 | -182 |
| For own liabilities | 2,308 | 2,080 | 1,883 | 1,729 | -154 |
| For customers' liabilities | 1,161 | 1,271 | 1,173 | 1,145 | -28 |
| Interest on liabilities reported by nonbanking concerns | 1,947 | 1,845 | 1,590 | 1,507 | -83 |
| U.S. government payments | 32,151 | 31,728 | 31,302 | 31,079 | -223 |
| Compensation of employees | 3,742 | 3,701 | 3,649 | 3,596 | -53 |

^p Preliminary ^r Revised
NOTE: The statistics are presented in tables 1, 4, and 7 after this article and on BEA's Web site.

Income receipts on U.S. direct investment abroad decreased after increasing in the fourth quarter. The decrease mostly reflected lower foreign affiliate earnings from holding company affiliates. Earnings in finance and insurance and in manufacturing also decreased.

“Other” private income receipts increased for the second straight quarter. The first-quarter increase reflected larger U.S. holdings of foreign bonds and higher average interest yields on those bonds.

U.S. government receipts increased slightly in the first quarter after decreasing in the fourth quarter.

Income payments on foreign direct investment in the United States increased slightly. The increase was the smallest quarterly change since the third quarter of 2009. The increase mainly resulted from an increase in interest payments. Earnings increases of U.S. affiliates in finance and insurance and in wholesale trade were nearly offset by a decrease in “other industries,” particularly in mining.

“Other” private income payments increased much less than in the fourth quarter. The first-quarter increase reflected higher average interest yields.

U.S. government payments decreased for the sixth consecutive quarter. The first-quarter decrease was smaller than those for the previous four quarters and reflected a decrease in foreign holdings of U.S. agency bonds.

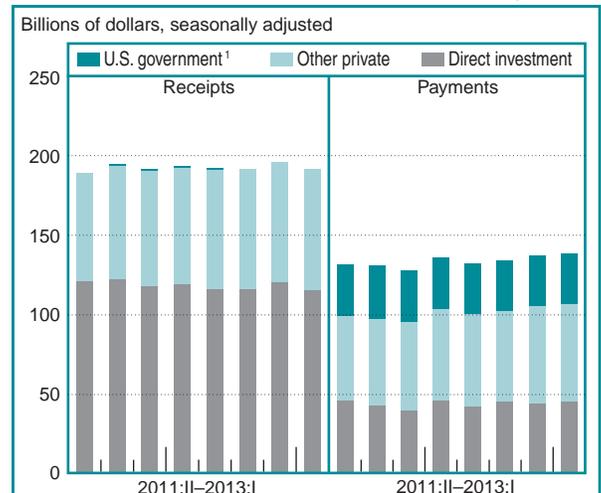
Trends in Income

The surplus on income decreased to \$52.0 billion in the first quarter after increasing to \$57.0 billion in the fourth quarter. As a percentage of U.S. current-dollar GDP, the surplus decreased to 1.3 percent in the first quarter from 1.4 percent in the fourth quarter.

As shown in chart 5, income receipts on U.S.-owned assets abroad decreased after increasing in the fourth quarter and decreasing in the two previous quarters. The first-quarter decrease was more than accounted for by a substantial decrease in direct investment receipts. In contrast, “other” private receipts and U.S. government receipts increased.

Income payments on foreign-owned assets in the United States increased for the third consecutive quarter. The first-quarter increase was about half as large as the increases in each of the previous two quarters. The first-quarter increase was accounted for by relatively small increases in direct investment payments and “other” private payments. These increases were partly offset by a decrease in U.S. government payments.

Chart 5. Investment Income Receipts and Payments



1. U.S. government receipts are relatively small and may not be clearly visible above. See table F for these statistics.
U.S. Bureau of Economic Analysis

Financial Account—U.S.-Owned Assets Abroad

Table G. U.S.-Owned Assets Abroad

[Millions of dollars, seasonally adjusted]

| (Increase/financial outflow (-), decrease/financial inflow (+)) | 2012 | | | 2013 | Change 2012:IV to 2013:I |
|---|-----------------|------------------|-----------------|-----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| U.S.-owned assets abroad¹ | 192,062 | -267,054 | -115,996 | -218,757 | -102,761 |
| U.S. official reserve assets | -3,289 | -833 | 895 | -876 | -1,771 |
| U.S. government assets, other than official reserve assets | 16,650 | 15,206 | 2,388 | 826 | -1,562 |
| U.S. private assets | 178,701 | -281,428 | -119,279 | -218,707 | -99,428 |
| Direct investment | -86,202 | -93,635 | -95,418 | -88,497 | 6,921 |
| Equity | -15,262 | -12,389 | -3,039 | -3,787 | -748 |
| Reinvested earnings | -80,050 | -79,786 | -90,904 | -79,634 | 11,270 |
| Intercompany debt | 9,109 | -1,460 | -1,474 | -5,076 | -3,602 |
| Foreign securities | -22,920 | -51,183 | -72,996 | -130,556 | -57,560 |
| Stocks | -44,144 | -17,881 | -10,379 | -72,649 | -62,270 |
| Bonds | 21,224 | -33,302 | -62,617 | -57,907 | 4,710 |
| U.S. claims on unaffiliated foreigners reported by nonbanking concerns | 16,793 | 6,325 | 18,334 | -16,283 | -34,617 |
| U.S. claims reported by banks and brokers ... | 271,030 | -142,935 | 30,801 | 16,629 | -14,172 |
| For own accounts | 250,993 | -61,619 | 16,481 | 35,348 | 18,867 |
| For customer accounts | 20,037 | -81,316 | 14,320 | -18,719 | -33,039 |

^p Preliminary ^r Revised

¹ Excludes transactions in financial derivatives.

NOTE: Under balance-of-payments conventions, increases in U.S.-owned assets abroad are shown with a negative sign, and decreases are shown with a positive sign. The statistics are presented in tables 1, 7, 8, and 10 in this article and on BEA's Web site.

Developments in the Financial Account

U.S.-owned assets abroad increased for the third straight quarter after decreasing in the first two quarters of 2012 (tables A and G). The first-quarter increase was larger than in the fourth quarter partly as a result of a substantial increase in U.S. private net purchases of foreign securities. Net purchases of foreign stocks were the largest since the fourth quarter of 1998, particularly net purchases from Europe, Japan, and Caribbean financial centers (mainly the Cayman Islands, the Bahamas, and Bermuda).

Direct investment outflows were lower than in the fourth quarter, while U.S. claims by unaffiliated foreigners reported by U.S. nonbanking concerns increased after decreasing in the previous three quarters. U.S. claims reported by U.S. banks and securities brokers decreased for the second straight quarter.

Foreign-owned assets in the United States increased for the third consecutive quarter after decreasing in the second quarter of 2012 (tables A and H). Foreign official and private assets both increased more than in the fourth quarter. The first-quarter increase was partly due to foreign and private net purchases of U.S. Treasury securities. The increase was also partly due to increases in U.S. liabilities to official and private foreigners reported by U.S. banks and brokers; the largest increase since the first quarter of 2011. Direct investment, although lower than in the fourth quarter, also contributed to the increase. The increases were partly offset by net sales by both official and private foreigners of U.S. securities other than Treasury securities and by decreases in U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns.

U.S. official reserve assets increased after decreasing in the fourth quarter. The increase mostly reflected an increase in the U.S. reserve position in the International Monetary Fund.

U.S. government assets other than official reserve assets decreased for the fifth straight quarter. As in the preceding four quarters, the largest contribution to the first-quarter decrease was a decrease in central bank liquidity swaps between the U.S. Federal Reserve System and foreign central banks. These liquidity swap transactions have decreased in magnitude in each successive quarter.

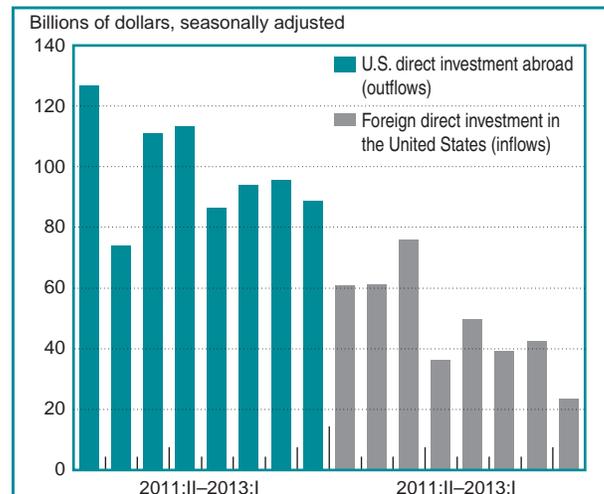
U.S. direct investment abroad slowed as a result of lower reinvested earnings than in the fourth quarter. In contrast, intercompany debt and equity investment increased.

U.S. purchases of foreign securities exceeded U.S. sales; as a result net purchases reached the highest level since the fourth quarter of 2006. Net purchases of foreign stocks increased sharply.

U.S. claims on foreigners reported by nonbanks increased after decreasing for three straight quarters. The increase reflected increases in deposits and resale agreements.

U.S. claims on foreigners reported by U.S. banks and securities brokers—such as U.S. residents' deposits at foreign banks and loans to foreigners—decreased less than in the fourth quarter. The first-quarter decrease reflected lower claims for own accounts than in the fourth quarter. This decrease was partly offset by net acquisitions of foreign commercial paper, a component of claims for customer accounts.

Chart 6. Direct Investment Financial Flows



NOTE: Under balance-of-payments conventions, financial outflows are shown with a negative sign in tables 1–12.

U.S. Bureau of Economic Analysis

Financial Account—Foreign-Owned Assets in the United States

Table H. Foreign-Owned Assets in the United States

[Millions of dollars, seasonally adjusted]

| (Increase/financial inflow (+), decrease/financial outflow (-)) | 2012 | | | 2013 | Change 2012:IV to 2013:I |
|---|-----------------|------------------|-----------------|----------------|--------------------------------|
| | II ^r | III ^r | IV ^r | I ^p | |
| Foreign-owned assets in the United States¹ | -176,468 | 300,570 | 242,401 | 295,540 | 53,139 |
| Foreign official assets | 57,374 | 107,684 | 84,396 | 84,768 | 372 |
| U.S. government securities | 42,927 | 87,309 | 60,199 | 56,603 | -3,596 |
| U.S. Treasury securities | 96,213 | 100,571 | 93,271 | 78,533 | -14,738 |
| Other | -53,286 | -13,262 | -33,072 | -21,930 | 11,142 |
| Other U.S. government liabilities | 2,773 | 1,722 | 807 | 1,106 | 299 |
| U.S. liabilities reported by banks and brokers | 406 | 7,066 | 5,414 | 20,061 | 14,647 |
| Other foreign official assets | 11,268 | 11,587 | 17,976 | 6,998 | -10,978 |
| Other foreign assets | -233,842 | 192,886 | 158,005 | 210,772 | 52,767 |
| Direct investment | 49,524 | 38,839 | 42,292 | 22,834 | -19,458 |
| Equity | 13,116 | 8,644 | 36,083 | 1,671 | -34,412 |
| Reinvested earnings | 23,287 | 27,830 | 28,306 | 25,709 | -2,597 |
| Intercompany debt | 13,121 | 2,366 | -22,096 | -4,546 | 17,550 |
| U.S. Treasury securities | -4,652 | 62,548 | 33,515 | 109,378 | 75,863 |
| U.S. securities other than U.S. Treasury securities | -39,577 | 64,694 | 143,494 | -10,880 | -154,374 |
| Stocks | 15,965 | 19,603 | 94,701 | -24,712 | -119,413 |
| Corporate bonds | -59,104 | 19,962 | 43,828 | 33,490 | -10,338 |
| Federally sponsored agency bonds | 3,562 | 25,129 | 4,965 | -19,658 | -24,623 |
| U.S. currency | 7,116 | 16,156 | 15,812 | 4,957 | -10,855 |
| U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns | -25,581 | -4,763 | -22,440 | -20,467 | 1,973 |
| U.S. liabilities reported by banks and brokers | -220,672 | 15,412 | -54,668 | 104,950 | 159,618 |
| For own accounts | -227,539 | 10,944 | -68,090 | 106,171 | 174,261 |
| For customer accounts | 6,867 | 4,468 | 13,422 | -1,221 | -14,643 |

p Preliminary r Revised

1. Excludes transactions in financial derivatives.

Note: The statistics are presented in tables 1, 7, 8, and 11 in this article and on BEA's Web site.

Foreign official assets in the United States increased slightly more than in the fourth quarter. The first-quarter increase reflected foreign net purchases of U.S. Treasury securities that were partly offset by foreign net sales of "other" U.S. government securities, such as agency bonds.

Foreign direct investment in the United States was lower than in the fourth quarter, reflecting substantially lower equity investment that was partly offset by lower net outflows of intercompany debt investment.

Purchases of U.S. Treasury securities by private foreigners exceeded sales by a record amount. The first-quarter increase in net purchases was due to increased net purchases of U.S. Treasury bonds and notes and a shift from net sales to net purchases of U.S. Treasury bills and certificates.

Sales of other U.S. securities by private foreigners exceeded purchases in the first quarter, a shift from net purchases in the two previous quarters. The shift reflected shifts to net sales of U.S. stocks and agency bonds and lower net purchases of corporate bonds.

U.S. liabilities to foreigners reported by nonbanks decreased for the fourth consecutive quarter. The decreases in each quarter reflected decreases in "other" financial liabilities, such as loans.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers increased after decreasing in the fourth quarter. The increase reflected an increase in liabilities for own accounts resulting from increases in repurchase agreements, loans to foreign-owned banks in the United States, and foreign-resident deposits at U.S.-owned banks.

Chart 7. Transactions in U.S. Claims and Liabilities Reported by Banks and Brokers

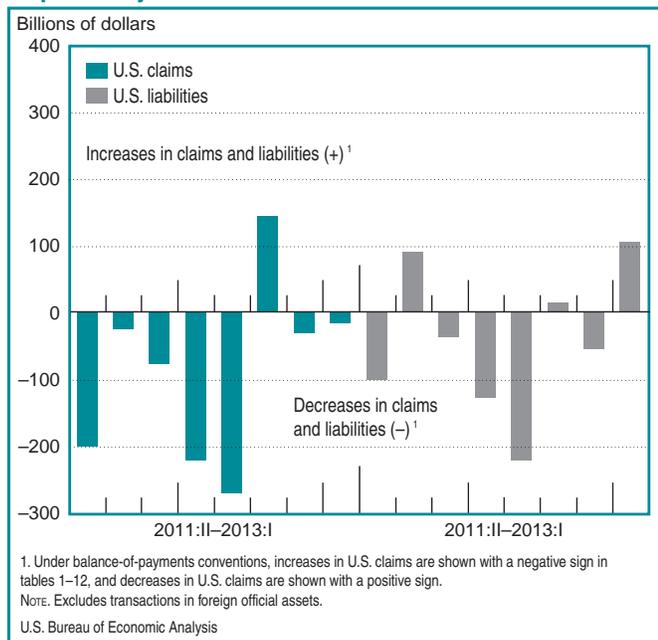


Chart 8. Transactions in U.S. Debt Securities

